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COSTS OF STORING AND HANDLING FARMERS' STOCK PEANUTS
IN COMMERCIAL FACILITIES, 1965-66

U. S. Department of Agriculture
Economic Research Service

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COSTS OF STORING AND HANDLING FARMERS' STOCK PEANUTS
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SUMMARY

This report analyzes the costs of handling and storing farmers' stock peanuts in commercial facilities during fiscal 1965-66. The results are based on accounting records of 64 storage facilities selected randomly to represent principal areas and types of facilities. The sample included 28 independent warehouses and 36 shelling plants.

Costs were developed for four primary services performed as a part of peanut handling and storage: Cleaning and drying, receiving, loading out, and storage. Three types of cost estimates--book, standardized, and replacement--were derived for each service. Out-of-pocket costs, which exclude interest and depreciation charges, were also developed for each service performed. These services are defined in the appendix.

Average standardized cost per ton received for cleaning and drying varied from \$0.166 per ton received for Virginia-North Carolina shellers to \$4.057 per ton received for independent warehouses in the Southeast. The low cost for Virginia-North Carolina shellers is due to the small percentage of receipts cleaned and dried by this group of plants.

Standardized receiving costs averaged \$2.104 per ton for all facilities and ranged from \$1.715 per ton for Virginia-North Carolina shellers to \$3.462 per ton for warehouses in the Southeast. The standardized load-out costs for all facilities averaged \$1.258 for all areas, with a range from \$0.992 per ton for Virginia-North Carolina shellers to \$1.562 per ton for Southeast warehouses. Combined standardized handling costs for receiving and load-out ranged from \$2.707 per ton for Virginia-North Carolina shellers to \$5.024 per ton for Southeast warehouses. The average combined standardized handling costs for all facilities was \$3.362 per ton.

Average standardized storage cost per ton-month-stored ranged from \$0.514 for Virginia-North Carolina shellers to \$1.461 for Virginia-North Carolina warehouses. The higher storage cost of the Virginia-North Carolina warehouses was due primarily to their low average rate of occupancy and to the short average period of storage.

Generally, warehouse costs averaged higher than shellers' costs for all services performed. The only exceptions to this were in the Southwest, where sheller costs for load-out, combined handling, and storage were above the corresponding warehouse costs. Replacement costs followed the same pattern as standardized costs in all areas for all services. Average book costs were computed for each service for comparative purposes.

Table 1.--Sample plants included in survey: Capacity and services performed by area and type of facility,
1965-66 1/

Type of facility and area	Sample plant	Total peanut storage capacity	Total ton- months stored	Average occupancy rate	Months space used, average	Receipts	Shipments
	<u>Number</u>	<u>Tons</u>	<u>Tons</u>	<u>Percent</u>	<u>Number</u>	<u>Tons</u>	<u>Tons</u>
<u>Warehouses:</u>							
Southeast.....	10	37,010	159,477	47.9	9.0	33,614	35,512
Southwest.....	9	21,406	60,656	41.7	6.8	28,214	24,067
Virginia-North Carolina..	9	10,912	11,124	25.5	4.0	15,648	14,389
Total warehouses.....	28	69,328	231,257	40.7	8.2	77,476	73,968
<u>Shellers:</u>							
Southeast.....	18	202,331	642,849	36.9	8.6	203,461	201,103
Southwest.....	8	53,796	115,080	25.5	8.4	74,351	73,598
Virginia-North Carolina..	10	47,502	243,331	67.4	7.6	119,455	120,055
Total shellers.....	36	303,629	1,001,260	39.3	8.4	397,267	394,756
All facilities.....	64	372,957	1,232,517	39.8	8.3	474,743	468,724

1/ Excludes peanuts reshipped from CCC loan.

Table 2.--Standardized weighted average costs per ton for handling and storing farmers' stock peanuts, by area and type of facility, 1965-66 1/

Item	Receiving	Load-out	Combined handling <u>2/</u>	Storage	Total annual
<u>Dollars</u>					
Southeast					
Warehouse.....	3.462 (3.653)	1.562 (1.699)	5.024 (5.352)	3.103 (3.140)	8.127 (8.492)
Sheller.....	1.900 (1.993)	1.272 (1.302)	3.172 (3.295)	1.633 (1.674)	4.805 (4.969)
All facilities...	2.123 (2.229)	1.315 (1.361)	3.438 (3.590)	1.875 (1.886)	5.313 (5.476)
Southwest					
Warehouse.....	2.500 (2.829)	1.246 (1.478)	3.746 (4.307)	1.281 (1.397)	5.027 (5.704)
Sheller.....	2.473 (2.586)	1.518 (1.613)	3.991 (4.199)	1.551 (1.602)	5.542 (5.801)
All facilities...	2.483 (2.655)	1.451 (1.579)	3.934 (4.234)	1.479 (1.548)	5.413 (5.782)
Virginia-North Carolina					
Warehouse.....	2.300 (2.397)	1.338 (1.463)	3.638 (3.860)	1.023 (1.037)	4.661 (4.897)
Sheller.....	1.715 (1.762)	0.992 (1.029)	2.707 (2.791)	1.047 (1.059)	3.754 (3.850)
All facilities...	1.783 (1.836)	1.018 (1.076)	2.801 (2.912)	1.043 (1.056)	3.844 (3.968)
All areas					
Warehouse.....	2.877 (3.099)	1.396 (1.562)	4.273 (4.661)	2.027 (2.087)	6.300 (6.748)
Sheller.....	1.952 (2.034)	1.234 (1.277)	3.186 (3.311)	1.439 (1.473)	4.625 (4.784)
All facilities...	2.104 (2.209)	1.258 (1.325)	3.362 (3.534)	1.552 (1.572)	4.914 (5.106)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

2/ Combined handling cost is the total of receiving and load-out costs.

Table 3.--Replacement weighted average costs per ton for handling and storing farmers' stock peanuts, by area and type of facility, 1965-66 1/

Item	Receiving	Load-out	Combined handling 2/	Storage	Total annual
-----Dollars-----					
Southeast					
Warehouse.....	3.484 (3.675)	1.568 (1.705)	5.052 (5.380)	3.131 (3.168)	8.183 (8.548)
Sheller.....	1.915 (2.008)	1.280 (1.310)	3.195 (3.318)	1.798 (1.834)	4.993 (5.152)
All facilities...	2.138 (2.243)	1.322 (1.368)	3.460 (3.611)	1.993 (2.027)	5.453 (5.638)
Southwest					
Warehouse.....	2.507 (2.836)	1.248 (1.480)	3.755 (4.316)	1.494 (1.615)	5.249 (5.931)
Sheller.....	2.477 (2.590)	1.519 (1.614)	3.996 (4.204)	1.798 (1.849)	5.794 (6.053)
All facilities...	2.487 (2.659)	1.452 (1.580)	3.939 (4.239)	1.717 (1.787)	5.656 (6.026)
Virginia-North Carolina					
Warehouse.....	2.335 (2.432)	1.351 (1.476)	3.686 (3.908)	1.077 (1.092)	4.763 (5.000)
Sheller.....	1.750 (1.797)	1.002 (1.039)	2.752 (2.836)	1.308 (1.320)	4.060 (4.156)
All facilities...	1.818 (1.871)	1.039 (1.086)	2.857 (2.957)	1.281 (1.294)	4.138 (4.251)
All areas					
Warehouse.....	2.896 (3.118)	1.402 (1.568)	4.298 (4.686)	2.126 (2.188)	6.424 (6.874)
Sheller.....	1.971 (2.053)	1.240 (1.284)	3.211 (3.337)	1.646 (1.680)	4.857 (5.017)
All facilities...	2.122 (2.227)	1.269 (1.331)	3.391 (3.558)	1.732 (1.763)	5.123 (5.321)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

2/ Combined handling cost is total of receiving and load-out costs.

Table 4.--Out-of-pocket weighted average costs per ton for handling and storing farmers' stock peanuts, by area and type of facility, 1965-66 1/

Item	Receiving	Load-out	Combined handling <u>2/</u>	Storage	Total annual
-----Dollars-----					
Southeast					
Warehouse.....	2.478 (2.669)	1.270 (1.407)	3.748 (4.076)	1.760 (1.809)	5.508 (5.885)
Sheller.....	1.535 (1.628)	1.176 (1.206)	2.711 (2.834)	1.103 (1.136)	3.814 (3.970)
All facilities...	1.670 (1.776)	1.190 (1.236)	2.860 (3.012)	1.201 (1.233)	4.061 (4.245)
Southwest					
Warehouse.....	2.151 (2.480)	1.155 (1.387)	3.306 (3.867)	.931 (1.038)	4.237 (4.905)
Sheller.....	2.117 (2.230)	1.384 (1.479)	3.501 (3.709)	.879 (0.902)	4.380 (4.611)
All facilities...	2.128 (2.300)	1.327 (1.455)	3.455 (3.755)	.900 (0.938)	4.355 (4.693)
Virginia-North Carolina					
Warehouse.....	1.174 (1.271)	1.047 (1.172)	2.221 (2.443)	.574 (0.589)	2.795 (3.032)
Sheller.....	1.233 (1.280)	.876 (0.913)	2.109 (2.193)	.574 (0.576)	2.683 (2.769)
All facilities...	1.225 (1.278)	.895 (0.942)	2.120 (2.220)	.574 (0.578)	2.694 (2.798)
All areas					
Warehouse.....	2.096 (2.318)	1.170 (1.355)	3.266 (3.673)	1.221 (1.284)	4.487 (4.960)
Sheller.....	1.553 (1.636)	1.124 (1.168)	2.677 (2.804)	.897 (0.920)	3.574 (3.724)
All facilities...	1.642 (1.747)	1.134 (1.197)	2.776 (2.944)	.954 (0.980)	3.730 (3.924)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

2/ Combined handling cost is total of receiving and load-out costs.

Table 5.--Cleaning and Drying: Weighted average cost per ton for peanuts received, Southeast, by type of facility, 1965-66 1/

Cost	Shellers <u>2/</u>	Warehouses <u>2/</u>	All SE facilities <u>2/</u>
	<u>Dollars</u>		
Fixed			
Insurance.....	0.069	0.114	0.075
Taxes.....	.007	.020	.009
Leases and rent.....	.042	.010	.037
Depreciation			
Book.....	.774	1.706	.906
Standard.....	.775	1.362	.858
Replacement.....	.780	1.468	.878
Interest			
Book.....	.053	.360	.096
Standard.....	.234	.443	.263
Replacement.....	.236	.474	.269
Total fixed			
Book.....	.945	2.210	1.123
Standard.....	1.127	1.949	1.242
Replacement.....	1.134	2.086	1.268
Variable			
Direct labor.....	.709 (0.731)	.487 (0.591)	.678 (0.711)
Administrative overhead...	.230	.577	.279
Home office.....	.018	.011	.017
Repairs and maintenance...	.311	.073	.277
Utilities.....	.363	.370	.364
Drier fuel.....	.329	.464	.348
Interest on working capital.....	.032	.033	.032
Other.....	.071	.093	.074
Total variable.....	2.063 (2.085)	2.108 (2.212)	2.069 (2.102)
Total			
Book.....	3.008 (3.030)	4.318 (4.422)	3.192 (3.225)
Standard.....	3.190 (3.212)	4.057 (4.161)	3.311 (3.344)
Replacement.....	3.197 (3.219)	4.194 (4.298)	3.337 (3.370)
Out-of-pocket.....	2.181 (2.203)	2.252 (2.356)	2.190 (2.223)

1/ Cleaning and drying costs were developed on the basis of total receipts, rather than the quantity of peanuts actually cleaned and/or dried. For cost per ton dried see table 8. The percentage of receipts actually cleaned and dried were as follows:

	<u>Warehouse</u>	<u>Sheller</u>
Cleaned	52.4	43.9
Dried	59.4	35.9

2/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

Table 6.--Cleaning and Drying: Weighted average cost per ton for peanuts received, Southwest, by type of facility, 1965-66 1/

Cost	Shellers <u>2/</u>	Warehouses <u>2/</u>	All SW facilities <u>2/</u>
	<u>Dollars</u>		
Fixed			
Insurance.....	0.067	0.126	0.083
Taxes.....	.010	.013	.011
Leases and rent.....	.007	.019	.010
Depreciation			
Book.....	.420	1.174	.627
Standard.....	.623	.985	.722
Replacement.....	.629	1.001	.731
Interest			
Book.....	.230	.127	.202
Standard.....	.197	.298	.225
Replacement.....	.199	.302	.227
Total fixed			
Book.....	.734	1.459	.933
Standard.....	.904	1.441	1.051
Replacement.....	.912	1.461	1.062
Variable			
Direct labor.....	.503 (0.550)	.315 (0.388)	.451 (0.506)
Administrative overhead....	.138	.312	.186
Home office.....	.005	.001	.004
Repairs and maintenance....	.048	.045	.047
Utilities.....	.134	.359	.196
Drier fuel.....	.187	.466	.263
Interest on working capital.....	.018	.026	.020
Other.....	.077	.074	.076
Total variable.....	1.110 (1.157)	1.598 (1.671)	1.243 (1.298)
Total			
Book.....	1.844 (1.891)	3.057 (3.130)	2.176 (2.231)
Standard.....	2.014 (2.061)	3.039 (3.112)	2.294 (2.349)
Replacement.....	2.022 (2.069)	3.059 (3.132)	2.305 (2.360)
Out-of-pocket.....	1.194 (1.241)	1.756 (1.829)	1.347 (1.402)

1/ Cleaning and drying costs were developed on the basis of total receipts, rather than the quantity of peanuts actually cleaned and/or dried. For cost per ton dried see table 8. The percentage of receipts actually cleaned and dried were as follows:

	<u>Warehouse</u>	<u>Sheller</u>
Cleaned	72.2	12.2
Dried	54.6	17.7

2/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

Table 7.--Cleaning and Drying: Weighted average cost per ton of peanuts received, Virginia-North Carolina, by type of facility, 1965-66 1/

Cost	Shellers <u>2/</u>	Warehouses <u>2/</u>	All Va.-N.C. facilities <u>2/</u>
	-----Dollars-----		
Fixed			
Insurance.....	0.001	0.091	0.012
Taxes.....	.001	.016	.003
Leases and rent.....	.002	.000	.001
Depreciation			
Book.....	.013	.884	.114
Standard.....	.018	1.148	.149
Replacement.....	.018	1.177	.153
Interest			
Book.....	<u>3/</u>	.175	<u>3/</u>
Standard.....	.005	.344	.045
Replacement.....	.005	.353	.046
Total fixed			
Book.....	<u>3/</u>	1.166	<u>3/</u>
Standard.....	.027	1.599	.210
Replacement.....	.027	1.637	.215
Variable			
Direct labor.....	.042 (0.047)	.155 (0.168)	.055 (0.061)
Administrative overhead...	.017	.243	.043
Home office.....	<u>4/</u>	--	<u>4/</u>
Repairs and maintenance..	.033	.121	.043
Utilities.....	.010	.167	.028
Drier fuel.....	.011	.630	.083
Interest on working capital.....	.002	.025	.005
Other.....	.024	.064	.028
Total variable.....	.139 (0.141)	1.405 (1.418)	.285 (0.291)
Total			
Book.....	<u>3/</u>	2.571 (2.584)	<u>3/</u>
Standard.....	.166 (.168)	3.004 (3.017)	.495 (.501)
Replacement.....	.166 (.168)	3.042 (3.055)	.500 (.506)
Out-of-pocket.....	.143 (.145)	1.512 (1.525)	.301 (.307)

1/ Cleaning and drying costs were developed on the basis of total receipts, rather than the quantity of peanuts actually cleaned and/or dried. For cost per ton dried see table 8. The percentage of receipts actually cleaned and dried were as follows:

	<u>Warehouse</u>	<u>Sheller</u>
Cleaned	0.0	6.8
Dried	40.9	0.5

2/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

3/ Available data insufficient to compute average for this item.

4/ Less than .0005.

Table 8.--Cleaning and Drying: Average cost per ton dried, by area and type of facility, 1965-66

Area and type of facility	Cost per ton dried		
	Standardized	Replacement	Out-of-pocket
	<u>Dollars</u>		
Southeast			
Warehouse.....	6.833	7.061	3.791
Sheller.....	8.886	8.905	6.075
Southwest			
Warehouse.....	5.566	5.603	3.216
Sheller.....	11.378	11.424	6.746
Virginia-Carolina			
Warehouse.....	7.345	7.438	3.697
Sheller <u>1</u> /.....	2.441	2.441	2.103
All			
Warehouse.....	6.499	6.636	3.620
Sheller.....	9.406	9.429	6.311

1/ Cost per ton cleaned.

Table 9.--Receiving: Weighted average cost per ton, Southeast, by type of facility,
1965-66 1/

Cost	Shellers	Warehouses	All SE facilities
	<u>Dollars</u>		
Fixed			
Insurance.....	0.023	0.062	0.029
Taxes.....	.003	.011	.004
Leases and rent.....	.036	.006	.032
Depreciation			
Book.....	.302	.815	.375
Standard.....	.279	.742	.345
Replacement.....	.291	.759	.357
Interest			
Book.....	.021	.197	.045
Standard.....	.086	.242	.108
Replacement.....	.089	.247	.111
Total fixed			
Book.....	.385	1.091	.485
Standard.....	.427	1.063	.518
Replacement.....	.442	1.085	.533
Variable			
Direct labor.....	.705 (0.798)	.973 (1.164)	.743 (0.849)
Administrative overhead...	.244	1.031	.356
Home office.....	.015	.006	.014
Repairs and maintenance...	.273	.137	.254
Utilities.....	.112	.095	.109
Drier fuel.....	--	--	--
Interest on working capital.....	.023	.037	.025
Other.....	.101	.120	.104
Total variable.....	1.473 (1.566)	2.399 (2.590)	1.605 (1.711)
Total			
Book.....	1.858 (1.951)	3.490 (3.681)	2.090 (2.196)
Standard.....	1.900 (1.993)	3.462 (3.653)	2.123 (2.229)
Replacement.....	1.915 (2.008)	3.484 (3.675)	2.138 (2.243)
Out-of-pocket.....	1.535 (1.628)	2.478 (2.669)	1.670 (1.776)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

Table 10.--Receiving: Weighted average cost per ton, Southwest, by type of facility,
1965-66 ^{1/}

Cost	Shellers	Warehouses	All SW facilities
	<u>Dollars</u>		
Fixed			
Insurance.....	0.029	0.020	0.026
Taxes.....	.004	.002	.004
Leases and rent.....	.004	.008	.005
Depreciation			
Book.....	.218	.184	.208
Standard.....	.269	.268	.269
Replacement.....	.272	.273	.272
Interest			
Book.....	.101	.020	.079
Standard.....	.087	.081	.086
Replacement.....	.088	.083	.087
Total fixed			
Book.....	.356	.234	.322
Standard.....	.393	.379	.390
Replacement.....	.397	.386	.394
Variable			
Direct labor.....	1.374 (1.487)	1.430 (1.759)	1.390 (1.562)
Administrative overhead...	.446	.591	.486
Home office.....	.003	.001	.003
Repairs and maintenance...	.085	.031	.070
Utilities.....	.056	.026	.048
Drier fuel.....	--	--	--
Interest on working capital.....	.031	.032	.031
Other.....	.085	.010	.065
Total variable.....	2.080 (2.193)	2.121 (2.450)	2.093 (2.265)
Total			
Book.....	2.436 (2.549)	2.355 (2.684)	2.415 (2.587)
Standard.....	2.473 (2.586)	2.500 (2.829)	2.483 (2.655)
Replacement.....	2.477 (2.590)	2.507 (2.836)	2.487 (2.659)
Out-of-pocket.....	2.117 (2.230)	2.151 (2.480)	2.128 (2.300)

^{1/} Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

Table 11.--Receiving: Weighted average cost per ton, Virginia-North Carolina, by type of facility, 1965-66 1/

Cost	Shellers	Warehouses	All Va.-N.C. facilities
	-----Dollars-----		
Fixed			
Insurance.....	0.029	0.068	0.034
Taxes.....	.018	.012	.017
Leases and rent.....	.008	.000	.007
Depreciation			
Book.....	.343	1.007	.420
Standard.....	.371	.866	.429
Replacement.....	.398	.893	.456
Interest			
Book.....	<u>2/</u>	.132	<u>2/</u>
Standard.....	.111	.260	.129
Replacement.....	.119	.268	.137
Total fixed			
Book.....	<u>2/</u>	1.219	<u>2/</u>
Standard.....	.537	1.206	.616
Replacement.....	.572	1.241	.651
Variable			
Direct labor.....	.452 (0.499)	.367 (0.464)	.442 (0.495)
Administrative overhead....	.350	.544	.372
Home office.....	.002	.000	.002
Repairs and maintenance....	.206	.100	.194
Utilities.....	.032	.043	.033
Drier fuel.....	--	--	--
Interest on working capital.....	.018	.020	.018
Other.....	.118	.020	.106
Total variable.....	1.178 (1.225)	1.094 (1.191)	1.167 (1.220)
Total			
Book.....	<u>2/</u>	2.313 (2.410)	<u>2/</u>
Standard.....	1.715 (1.762)	2.300 (2.397)	1.783 (1.836)
Replacement.....	1.750 (1.797)	2.335 (2.432)	1.818 (1.871)
Out-of-pocket.....	1.233 (1.280)	1.174 (1.271)	1.225 (1.278)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

2/ Available data insufficient to compute average for this item.

Table 12.--Load-out: Weighted average cost per ton, Southeast, by type of facility,
1965-66 1/

Cost	Shellers	Warehouses	All SE facilities
	-----Dollars-----		
Fixed			
Insurance.....	0.006	0.018	0.008
Taxes.....	.001	.003	.001
Leases and rent.....	.031	.004	.027
Depreciation			
Book.....	.079	.229	.102
Standard.....	.073	.213	.094
Replacement.....	.079	.218	.099
Interest			
Book.....	.006	.066	.015
Standard.....	.023	.079	.031
Replacement.....	.025	.080	.033
Total fixed			
Book.....	.123	.320	.153
Standard.....	.134	.317	.161
Replacement.....	.142	.323	.168
Variable			
Direct labor.....	.604 (0.634)	.618 (0.755)	.606 (0.652)
Administrative overhead...	.160	.445	.203
Home office.....	.013	.005	.012
Repairs and maintenance...	.236	.063	.210
Utilities.....	.039	.062	.042
Drier fuel.....	--	--	--
Interest on working capital.....	.018	.019	.018
Other.....	.068	.033	.063
Total variable.....	1.138 (1.168)	1.245 (1.382)	1.154 (1.200)
Total			
Book.....	1.261 (1.291)	1.565 (1.702)	1.307 (1.353)
Standard.....	1.272 (1.302)	1.562 (1.699)	1.315 (1.361)
Replacement.....	1.280 (1.310)	1.568 (1.705)	1.322 (1.368)
Out-of-pocket.....	1.176 (1.206)	1.270 (1.407)	1.190 (1.236)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

Table 13.--Load-out: Weighted average cost per ton, Southwest, by type of facility,
1965-66 1/

Cost	Shellers	Warehouses	All SW facilities
	-----Dollars-----		
Fixed			
Insurance.....	0.011	0.005	0.009
Taxes.....	.001	<u>2/</u>	.001
Leases and rent.....	.003	.007	.004
Depreciation			
Book.....	.084	.046	.075
Standard.....	.099	.069	.092
Replacement.....	.100	.071	.093
Interest			
Book.....	.040	.006	.031
Standard.....	.035	.022	.032
Replacement.....	.035	.022	.032
Total fixed			
Book.....	.139	.064	.120
Standard.....	.149	.103	.138
Replacement.....	.150	.105	.139
Variable			
Direct labor.....	1.086 (1.181)	.697 (0.929)	.990 (1.118)
Administrative overhead....	.158	.364	.209
Home office.....	.003	<u>2/</u>	.002
Repairs and maintenance....	.042	.021	.037
Utilities.....	.025	.020	.023
Drier fuel.....	--	--	--
Interest on working capital.....	.020	.017	.020
Other.....	.035	.024	.032
Total variable.....	1.369 (1.464)	1.143 (1.375)	1.313 (1.441)
Total			
Book.....	1.508 (1.603)	1.207 (1.439)	1.433 (1.561)
Standard.....	1.518 (1.613)	1.246 (1.478)	1.451 (1.579)
Replacement.....	1.519 (1.614)	1.248 (1.480)	1.452 (1.580)
Out-of-pocket.....	1.384 (1.479)	1.155 (1.387)	1.327 (1.455)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

2/ Less than .0005.

Table 14.--Load-out: Weighted average cost per ton, Virginia-North Carolina, by type of facility, 1965-66 ^{1/}

Cost	Shellers	Warehouses	All Va.-N.C. facilities
	<u>Dollars</u>		
Fixed			
Insurance.....	0.007	0.018	0.008
Taxes.....	.004	.003	.004
Leases and rent.....	.006	.000	.006
Depreciation			
Book.....	.098	.225	.112
Standard.....	.089	.224	.103
Replacement.....	.097	.234	.111
Interest			
Book.....	^{2/}	.034	^{2/}
Standard.....	.027	.067	.031
Replacement.....	.029	.070	.033
Total fixed			
Book.....	^{2/}	.280	^{2/}
Standard.....	.133	.312	.152
Replacement.....	.143	.325	.162
Variable			
Direct labor.....	.333 (0.370)	.391 (0.516)	.339 (0.386)
Administrative overhead...	.254	.515	.282
Home office.....	.002	.000	.002
Repairs and maintenance...	.146	.064	.137
Utilities.....	.017	.018	.017
Drier fuel.....	--	--	--
Interest on working capital.....	.013	.017	.013
Other.....	.094	.021	.087
Total variable.....	.859 (0.896)	1.026 (1.151)	.877 (0.924)
Total			
Book.....	^{2/}	1.306 (1.431)	^{2/}
Standard.....	.992 (1.029)	1.338 (1.463)	1.029 (1.076)
Replacement.....	1.002 (1.039)	1.351 (1.476)	1.039 (1.086)
Out-of-pocket.....	.876 (0.913)	1.047 (1.172)	.895 (0.942)

^{1/} Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

^{2/} Available data insufficient to compute average for this item.

Table 15.--Storage: Weighted average cost per ton-month, Southeast, by type of facility, 1965-66 1/

Cost	Shellers	Warehouses	All SE facilities
	<u>Dollars</u>		
Fixed			
Insurance.....	0.028	0.029	0.028
Taxes.....	.002	.005	.003
Leases and rent.....	.115	.026	.097
Depreciation			
Book.....	.099	.166	.113
Standard.....	.111	.173	.123
Replacement.....	.137	.176	.145
Interest			
Book.....	.016	.090	.030
Standard.....	.067	.110	.076
Replacement.....	.083	.113	.089
Total fixed			
Book.....	.260	.316	.271
Standard.....	.323	.343	.327
Replacement.....	.365	.349	.362
Variable			
Direct labor.....	.034 (0.040)	.084 (0.098)	.044 (0.052)
Administrative overhead...	.045	.063	.049
Home office.....	.005	.002	.005
Repairs and maintenance...	.052	.040	.050
Utilities.....	.007	.011	.008
Drier fuel.....	--	--	--
Interest on working capital.....	.005	.005	.005
Other.....	.056	.106	.066
Total variable.....	.204 (0.210)	.311 (0.325)	.227 (0.235)
Total			
Book.....	.464 (0.470)	.627 (0.641)	.498 (0.506)
Standard.....	.527 (0.533)	.654 (0.668)	.554 (0.562)
Replacement.....	.569 (0.573)	.660 (0.674)	.589 (0.597)
Out-of-pocket.....	.349 (0.355)	.371 (0.385)	.355 (0.363)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

Table 16.--Storage: Weighted average cost per ton-month, Southwest, by type of facility, 1965-66 1/

Cost	Sheller	Warehouses	All SW facilities
		<u>Dollars</u>	
Fixed			
Insurance.....	0.058	0.041	0.052
Taxes.....	.008	.004	.007
Leases and rent.....	.076	.018	.056
Depreciation			
Book.....	.152	.099	.134
Standard.....	.268	.102	.211
Replacement.....	.368	.163	.297
Interest			
Book.....	.191	.042	.139
Standard.....	.163	.061	.127
Replacement.....	.223	.099	.180
Total fixed			
Book.....	.485	.204	.388
Standard.....	.573	.226	.453
Replacement.....	.733	.325	.592
Variable			
Direct labor.....	.250 (0.283)	.174 (0.213)	.224 (0.259)
Administrative overhead....	.042	.103	.063
Home office.....	.001	<u>2/</u>	.001
Repairs and maintenance....	.065	.047	.059
Utilities.....	.006	.008	.007
Drier fuel.....	--	--	--
Interest on working capital.....	.008	.006	.008
Other.....	.057	.032	.048
Total variable.....	.429 (0.462)	.370 (0.409)	.410 (0.445)
Total			
Book.....	.914 (0.947)	.574 (0.613)	.798 (0.833)
Standard.....	1.002 (1.035)	.596 (0.635)	.863 (0.898)
Replacement.....	1.162 (1.195)	.695 (0.734)	1.002 (1.037)
Out-of-pocket.....	.568 (0.601)	.433 (0.472)	.525 (0.560)

1/ Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

2/ Less than .0005.

Table 17.--Storage: Weighted average cost per ton-month, Virginia-North Carolina, by type of facility, 1965-66 ^{1/}

Cost	Shellers	Warehouses	All Va.-N.C. facilities
	-----Dollars-----		
Fixed			
Insurance.....	0.023	0.166	0.029
Taxes.....	.014	.030	.014
Leases and rent.....	.016	.273	.027
Depreciation			
Book.....	.176	.439	.187
Standard.....	.145	.401	.156
Replacement.....	.225	.450	.234
Interest			
Book.....	^{2/}	.320	^{2/}
Standard.....	.087	.240	.093
Replacement.....	.135	.269	.141
Total fixed			
Book.....	^{2/}	1.228	^{2/}
Standard.....	.285	1.110	.319
Replacement.....	.413	1.188	.445
Variable			
Direct labor.....	.056 (0.062)	.060 (0.081)	.056 (0.063)
Administrative overhead.....	.056	.113	.058
Home office.....	^{3/}	.000	^{3/}
Repairs and maintenance.....	.034	.115	.038
Utilities.....	.001	.015	.002
Drier fuel.....	--	--	--
Interest on working capital.....	.004	.014	.005
Other.....	.078	.034	.076
Total variable.....	.229 (0.235)	.351 (0.372)	.235 (0.242)
Total			
Book.....	^{2/}	1.579 (1.600)	^{2/}
Standard.....	.514 (0.520)	1.461 (1.482)	.554 (0.561)
Replacement.....	.642 (0.648)	1.539 (1.560)	.680 (0.687)
Out-of-pocket.....	.282 (0.288)	.820 (0.841)	.305 (0.312)

^{1/} Figures in parentheses are estimated cost of performing specified services under the 1967 minimum wage law.

^{2/} Available data insufficient to compute average for this item.

^{3/} Less than .0005.

Table 18.--Storage: Average storage period per ton stored by area and type of facility, 1965-66

Area	Average storage period
	<u>Months</u>
Southeast:	
Warehouse.....	4.7
Sheller.....	3.2
Southwest:	
Warehouse.....	2.2
Sheller.....	1.5
Virginia-North Carolina:	
Warehouse.....	0.7
Sheller.....	2.0

Tables 19 through 24 were developed as linear cost from total cost of operating peanut storage warehouses. To determine the average ton-month cost of peanut storage over a given time, the total length of storage should be used along with the average percentage of capacity utilized.

For example, using table 19 to determine the average cost per ton-month for Southeast shellers, reading across from 6-month storage and at 50 percent of capacity gives an average cost of 54.76 cents per ton-month. Since values are linear, fractional figures may be interpolated.

Table 19.--Average storage cost per ton-month by average capacity utilized and length of storage, Southeast shellers, 1965-66

Months in storage :	Average percent of capacity utilized									
	10	20	30	40	50	60	70	80	90	100
	-----Dollars-----									
1.....:	16.4280	8.2140	5.4756	4.1064	3.2856	2.7384	2.3472	2.0532	1.8252	1.6428
2.....:	8.2140	4.1070	2.7378	2.0532	1.6428	1.3692	1.1736	1.0267	.9126	.8214
3.....:	5.4760	2.7380	1.8252	1.3688	1.0952	.9128	.7824	.6844	.6084	.5476
4.....:	4.1070	2.0535	1.3689	1.0266	.8214	.6846	.5868	.5133	.4563	.4107
5.....:	3.2856	1.6428	1.0951	.8213	.6571	.5477	.4694	.4106	.3650	.3286
6.....:	2.7380	1.3690	.9126	.6844	.5476	.4564	.3912	.3422	.3042	.2738
7.....:	2.3468	1.1734	.7822	.5866	.4694	.3912	.3353	.2933	.2607	.2347
8.....:	2.0535	1.0267	.6844	.5133	.4107	.3423	.2934	.2567	.2281	.2053
9.....:	1.8253	.9127	.6084	.4563	.3651	.3043	.2608	.2281	.2028	.1825
10.....:	1.6428	.8214	.5476	.4106	.3286	.2738	.2347	.2053	.1825	.1643
11.....:	1.4934	.7467	.4978	.3733	.2987	.2489	.2134	.1866	.1659	.1493
12.....:	1.3690	.6845	.4563	.3422	.2738	.2282	.1956	.1711	.1521	.1369

Table 20.--Average storage cost per ton-month by average capacity utilized and length of storage,
Southeast warehouses, 1965-66

Months in storage :	Average percent of capacity utilized											
	10	20	30	40	50	60	70	80	90	:	100	
:	-----Dollars-----											
1.....:	28.1760	14.0880	9.3924	7.0440	5.6352	4.6956	4.0249	3.5220	3.1308	2.8176		
2.....:	14.0880	7.0440	4.6962	3.5220	2.8176	2.3478	2.0124	1.7610	1.5654	1.4088		
3.....:	9.3920	4.6960	3.1308	2.3480	1.8784	1.5652	1.3416	1.1740	1.0436	.9392		
4.....:	7.0440	3.5220	2.3481	1.7610	1.4088	1.1739	1.0062	.8805	.7827	.7044		
5.....:	5.6352	2.8176	1.8785	1.4088	1.1270	.9391	.8050	.7044	.6262	.5635		
6.....:	4.6960	2.3480	1.5654	1.1740	.9392	.7826	.6708	.5870	.5218	.4696		
7.....:	4.0251	2.0126	1.3418	1.0063	.8050	.6708	.5750	.5031	.4473	.4025		
8.....:	3.5220	1.7610	1.1740	.8805	.7044	.5869	.5031	.4402	.3913	.3522		
9.....:	3.1307	1.5653	1.0436	.7827	.6261	.5217	.4472	.3913	.3479	.3131		
10.....:	2.8176	1.4088	.9392	.7044	.5635	.4696	.4025	.3522	.3131	.2818		
11.....:	2.5614	1.2807	.8539	.6404	.5123	.4269	.3659	.3202	.2846	.2561		
12.....:	2.3480	1.1740	.7827	.5870	.4696	.3913	.3354	.2935	.2609	.2348		

Table 21.--Average storage cost per ton-month by average capacity utilized and length of storage, Southwest shellers, 1965-66

Months in storage :	Average percent of capacity utilized																			
	10	:	20	:	30	:	40	:	50	:	60	:	70	:	80	:	90	:	100	
:	-----Dollars-----																			
1.....:	21.4320	:	10.7160	:	7.1436	:	5.3580	:	4.2864	:	3.5724	:	3.0612	:	2.6784	:	2.3808	:	2.1432	
2.....:	10.7160	:	5.3580	:	3.5718	:	2.6790	:	2.1432	:	1.7862	:	1.5306	:	1.3392	:	1.1904	:	1.0716	
3.....:	7.1440	:	3.5720	:	2.3812	:	1.7860	:	1.4288	:	1.1908	:	1.0206	:	.8928	:	.7936	:	.7144	
4.....:	5.3580	:	2.6790	:	1.7859	:	1.3395	:	1.0716	:	.8931	:	.7653	:	.6696	:	.5952	:	.5358	
5.....:	4.2864	:	2.1432	:	1.4287	:	1.0716	:	.8573	:	.7145	:	.6122	:	.5357	:	.4762	:	.4286	
6.....:	3.5720	:	1.7860	:	1.1906	:	.8930	:	.7144	:	.5954	:	.5102	:	.4464	:	.3968	:	.3572	
7.....:	3.0617	:	1.5309	:	1.0205	:	.7654	:	.6123	:	.5103	:	.4373	:	.3826	:	.3401	:	.3062	
8.....:	2.6790	:	1.3395	:	.8929	:	.6697	:	.5358	:	.4465	:	.3826	:	.3348	:	.2976	:	.2679	
9.....:	2.3813	:	1.1907	:	.7937	:	.5953	:	.4763	:	.3969	:	.3401	:	.2976	:	.2645	:	.2381	
10.....:	2.1432	:	1.0716	:	.7144	:	.5358	:	.4286	:	.3572	:	.3061	:	.2678	:	.2381	:	.2143	
11.....:	1.9484	:	.9742	:	.6494	:	.4871	:	.3897	:	.3248	:	.2783	:	.2435	:	.2164	:	.1948	
12.....:	1.7860	:	.8930	:	.5953	:	.4465	:	.3572	:	.2977	:	.2551	:	.2232	:	.1984	:	.1786	

Table 22.--Average storage cost per ton-month by average capacity utilized and length of storage,
Southwest warehouses, 1965-66

Months in storage	Average percent of capacity utilized																		
	10	:	20	:	30	:	40	:	50	:	60	:	70	:	80	:	90	:	100
	-----Dollars-----																		
1.....:	16.8840	:	8.4420	:	5.6280	:	4.2204	:	3.3768	:	2.8140	:	2.4120	:	2.1108	:	1.8756	:	1.6884
2.....:	8.4420	:	4.2210	:	2.8140	:	2.1102	:	1.6884	:	1.4070	:	1.2060	:	1.0554	:	.9378	:	.8442
3.....:	5.6280	:	2.8140	:	1.8760	:	1.4068	:	1.1256	:	.9380	:	.8040	:	.7036	:	.6252	:	.5628
4.....:	4.2210	:	2.1105	:	1.4070	:	1.0551	:	.8442	:	.7035	:	.6030	:	.5277	:	.4689	:	.4221
5.....:	3.3768	:	1.6884	:	1.1256	:	.8441	:	.6754	:	.5628	:	.4824	:	.4222	:	.3751	:	.3377
6.....:	2.8140	:	1.4070	:	.9380	:	.7034	:	.5628	:	.4690	:	.4020	:	.3518	:	.3126	:	.2814
7.....:	2.4120	:	1.2060	:	.8040	:	.6029	:	.4824	:	.4020	:	.3446	:	.3015	:	.2679	:	.2412
8.....:	2.1105	:	1.0552	:	.7035	:	.5275	:	.4221	:	.3517	:	.3015	:	.2638	:	.2344	:	.2110
9.....:	1.8760	:	.9380	:	.6253	:	.4689	:	.3752	:	.3127	:	.2680	:	.2345	:	.2084	:	.1876
10.....:	1.6884	:	.8442	:	.5628	:	.4220	:	.3377	:	.2814	:	.2412	:	.2111	:	.1876	:	.1688
11.....:	1.5349	:	.7675	:	.5116	:	.3837	:	.3070	:	.2558	:	.2193	:	.1919	:	.1705	:	.1534
12.....:	1.4070	:	.7035	:	.4690	:	.3517	:	.2814	:	.2345	:	.2010	:	.1759	:	.1563	:	.1407

Table 23.--Average storage cost per ton-month by average capacity utilized and length of storage,
Virginia-North Carolina shellers, 1965-66

Months in storage :	Average percent of capacity utilized											
	10	20	30	40	50	60	70	80	90	:	100	:
	-----Dollars-----											
1.....:	26.3260	13.1640	8.7756	6.5820	5.2656	4.3884	3.7608	3.2904	2.9256		2.6328	
2.....:	13.1640	6.5820	4.3878	3.2910	2.6328	2.1942	1.8804	1.6452	1.4628		1.3164	
3.....:	8.7760	4.3880	2.9252	2.1940	1.7552	1.4628	1.2536	1.0968	.9752		.8776	
4.....:	6.5820	3.2910	2.1939	1.6455	1.3164	1.0971	.9402	.8226	.7314		.6582	
5.....:	5.2656	2.6328	1.7551	1.3164	1.0531	.8777	.7522	.6581	.5851		.5266	
6.....:	4.3880	2.1940	1.4626	1.0970	.8776	.7314	.6268	.5484	.4876		.4388	
7.....:	3.7611	1.8806	1.2537	.9403	.7522	.6269	.5373	.4701	.4179		.3761	
8.....:	3.2910	1.6455	1.0969	.8227	.6582	.5485	.4701	.4113	.3657		.3291	
9.....:	2.9253	1.4627	.9751	.7313	.5851	.4876	.4179	.3656	.3251		.2925	
10.....:	2.6328	1.3164	.8776	.6582	.5266	.4388	.3761	.3290	.2926		.2633	
11.....:	2.3934	1.1967	.7978	.5984	.4787	.3989	.3419	.2991	.2660		.2393	
12.....:	2.1940	1.0970	.7313	.5485	.4388	.3657	.3134	.2742	.2438		.2194	

Table 24.--Average storage cost per ton-month by average capacity utilized and length of storage, Virginia-North Carolina warehouses, 1965-66

Months in storage	Average percent of capacity utilized																		
	10	:	20	:	30	:	40	:	50	:	60	:	70	:	80	:	90	:	100
	-----Dollars-----																		
1.....:	14.8920	:	7.4460	:	4.9644	:	3.7224	:	2.9784	:	2.4816	:	2.1276	:	1.8612	:	1.6548	:	1.4892
2.....:	7.4460	:	3.7230	:	2.4822	:	1.8612	:	1.4892	:	1.2408	:	1.0638	:	.9306	:	.8274	:	.7446
3.....:	4.9640	:	2.4820	:	1.6548	:	1.2408	:	.9928	:	.8272	:	.7092	:	.6204	:	.5516	:	.4964
4.....:	3.7230	:	1.8615	:	1.2411	:	.9306	:	.7446	:	.6204	:	.5319	:	.4653	:	.4137	:	.3723
5.....:	2.9784	:	1.4892	:	.9929	:	.7445	:	.5957	:	.4963	:	.4255	:	.3722	:	.3310	:	.2978
6.....:	2.4820	:	1.2410	:	.8274	:	.6204	:	.4964	:	.4136	:	.3546	:	.3102	:	.2758	:	.2482
7.....:	2.1274	:	1.0637	:	.7092	:	.5318	:	.4355	:	.3545	:	.3039	:	.2659	:	.2364	:	.2127
8.....:	1.8615	:	.9308	:	.6206	:	.4653	:	.3723	:	.3102	:	.2660	:	.2326	:	.2068	:	.1862
9.....:	1.6547	:	.8273	:	.5516	:	.4136	:	.3309	:	.2757	:	.2364	:	.2068	:	.1839	:	.1655
10.....:	1.4892	:	.7446	:	.4964	:	.3722	:	.2978	:	.2482	:	.2128	:	.1861	:	.1655	:	.1489
11.....:	1.3548	:	.6769	:	.4513	:	.3384	:	.2708	:	.2256	:	.1934	:	.1692	:	.1504	:	.1354
12.....:	1.2410	:	.6205	:	.4137	:	.3102	:	.2482	:	.2068	:	.1773	:	.1551	:	.1379	:	.1241

APPENDIX: METHODOLOGY

Sampling

The sample used in this study was drawn from a total universe of 207 peanut storage facilities in three distinct production areas. Facilities within each area were classified as to types and capacity groups. Both independent warehouses and shellers were sampled at four capacity group levels in each area. The sampling rate at each level was proportional to the total capacity of that level. A random sample was drawn from each level. The sampling procedure was developed in consultation with the Statistical Reporting Service, U.S. Department of Agriculture.

Cost and other data were obtained from each plant by an economist or an auditor assigned to the Economic Research Service from other USDA agencies. The cost data and related volumes for each service performed were summarized and tabulated by plant, type of facility, and area, according to the plan outlined below.

Standardized Depreciation and Interest

In order to minimize the effects on costs of variations among plants in depreciation allowances and interest on investment, data were summarized using standardized rates. Depreciation on buildings was charged at 5 percent of acquisition cost. A 10-percent depreciation allowance was charged to cleaning and drying, handling, and miscellaneous equipment. Interest allowance on capital investment of 6 percent for half the acquisition cost of buildings and equipment was computed. Interest at 6 percent of acquisition cost was allowed for land.

Replacement Costs

Replacement costs for warehouses were developed from cost records on newly built facilities in each area by type of operation. The costs thus developed are representative of those for the types of structures currently being constructed. Costs per cubic foot for warehouse construction were estimated as follows:

<u>Area</u>	<u>Cost per cubic foot</u> (Cents)
Southeast	
Independent warehouses	15.42
Shellers	12.48
Southwest	
Independent warehouses	12.05
Shellers	21.24
Virginia-North Carolina	
Independent warehouses	21.30
Shellers	19.80

These estimated costs were applied to the number of cubic feet of space for each facility that was surveyed.

Replacement costs for machinery and equipment were developed by updating the cost of each item, using the Index of Machinery and Motive Products (1957-59 = 100) published by the U.S. Bureau of the Census in Statistical Abstract of the United States.

Expected Effect of 1967 Minimum Wage Law

Labor costs per ton were developed to show the effect of the new minimum wage rates as provided under the 1967 minimum wage law. The estimated costs of the services performed under the new minimum wage rates are shown in parentheses. These costs were computed from regular and overtime hours as reported by firms in the survey.

Costs shown in parentheses in the tables may be considered as an upper limit for costs that will actually be incurred, because firms can be expected to be more careful in use of labor, especially overtime, under new higher wage rates.

Method of Allocation

Allocation of cost item to services performed was according to the following plan:

<u>Cost item</u>	<u>Basis for allocation</u>
Insurance:	
Warehouses	Direct to storage
Cleaning and drying equipment	Direct to cleaning and drying
Handling equipment	Hours recorded to specific service
Office and miscellaneous equipment	Revenue
Taxes	Same as Insurance
Leases and rentals	Same as Insurance
Depreciation	Same as Insurance
Interest on capital investment	Same as Insurance
Land	Revenue
Direct labor	Individual plant basis
Administrative overhead	
Management and clerical salaries	Individual plant basis
Supplies	Revenue
Home office cost	Revenue
Repairs and maintenance	
Warehouse	Direct to storage
Other	Revenue
Utilities	
Electricity	Hours and horsepower usage
Other	Revenue
Drier fuel	Direct to cleaning and drying
Interest on working capital	Out-of-pocket costs
Other	Revenue

Definition of Services

Cleaning and drying -- unloading peanuts at cleaner and/or drier, physically cleaning and/or drying peanuts prior to storage, and transporting peanuts from cleaner and/or drier to receiving site.

Receiving -- weighing, sampling, grading, issuing warehouse receipts, and moving peanuts into storage.

Storage -- warehousing custodial functions necessary during the period of storage.

Load-out -- weighing, sampling, grading, and removing peanuts from storage onto transporting equipment.

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